

ARTICLE APPEARED
ON PAGE **A-2**

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CIA Sees Soviet Growth Lag

Associated Press

The CIA has lowered its estimate of the Soviet Union's economic growth and predicts Kremlin leaders "will have to make the best of a bad situation" through the 1980s, according to congressional testimony released yesterday.

The latest assessment says agriculture and energy problems will pose "a major economic headache for the Soviet leadership" and that worsening economic conditions will force changes in Russia's foreign trade policy in the next decade.

"Moscow will need imports from the West more than ever before and the leadership may be forced to abandon its current conservative stance toward trade with the West," said CIA Director Stansfield Turner.

"Overall, there is every reason to believe that a continued decline in the rate of Soviet economic growth is inevitable through most of the 1980s," Turner said.

Turner predicted the Soviets' total economic output will grow less than 3 percent annually over the next few years "and then fall gradually."

Severe Winter Cited

Russia's economic growth could drop below 1 percent in the mid-1980s, he said, if its oil production declines below 8 million barrels a day.

Last year, the CIA forecast the Soviet economy was entering a period of substantially reduced growth with an annual economic output of 4 percent.

Turner's latest estimate was made before the Joint Economic subcommittee on priorities and economy in government on June 26, and was released yesterday by Sen. William Proxmire, D-Wisc., the panel's chairman.

Turner said Soviet economic growth was brought to a near standstill by the severe weather last winter.

Adverse weather conditions increased energy demand, curtailed production and took a heavy toll on agriculture, Turner said.

As a result, he said, 1979 grain production will be "considerably below" last year's record crop, and "we expect a large grain import demand for Western supplies."

Energy Picture Clouded

He said the Soviet economy is plagued by slow growth of the labor force and capital stock, plus poor productivity.

"In addition, the energy shortage will mean that the Soviets cannot operate all their plant and equipment at full capacity which, in turn, will accelerate the downward trends which we previously projected for the 1980s," Turner testified.

He said the Soviet oil industry "may have entered a no-growth stage this year, followed by steady production declines beginning as early as next year."

In addition, he said, "the Soviet energy picture in the 1980s will be clouded by shortfalls in the coal and nuclear power industries—thereby limiting the possibilities for inter-fuel substitution for oil."